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ABSTRACT

This paper discusses the effects of President Reagan's budget cuts on federally supported human service programs in New York. Various programs are analyzed to determine their vulnerability to budget reductions. It is suggested that employment, nutrition and health programs are most likely to be cut while education, adoption assistance, senior citizen, and community development programs are not in immediate danger. A review of the federal block grant approach reveals the possibility of an unequal regional distribution of funds that will hurt the Northeastern United States, especially New York City. The need for state and local governments to offset this reduction in funds is discussed. Appendices to the report contain a collection of fact sheets on human service programs, and a general analysis of types of programs, their constituencies, their vulnerability, and their potential organizational allies. (APM)

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THE CASE FOR ACTION NOW

Strategic Planning to Offset the Anticipated Program Cuts of the Reagan Administration

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This paper was originally prepared in January, 1981 for the New York City Task Force on Human Services Crisis to assist in developing strategies to deal with the anticipated cuts of the incoming Administration.

Since then, President Reagan has announced his program for economic recovery which calls for a series of tax cuts to revitalize the economy and major reductions in federal expenditures for social welfare programs. Proposals to increase the role of state and local governments in the administration of these programs through the use of block grants rather than categorical assistance funding have also been presented. (The discussion of a particular block grant approach in the CSS paper is dated as the Administration has chosen another consolidation strategy to achieve its purpose.)

The attached paper is shared with you as background for the Congressional debate which undoubtedly will ensue over the next few weeks.

Georgia L. McMurray
Deputy General Director for Program

March 9, 1981

INTRODUCTION

The lowest voter turnout in 32 years elected Ronald Reagan as the fortieth President of the United States. With the landslide presidential vote and the defeat of so many liberals in Congress however, many longtime advocates of social programs believe that the U.S. has made a massive shift to the right. The themes of the past -- FDR's New Deal, Truman's Fair Deal, the New Frontier sought by Kennedy and the Great Society promised by Johnson -- seem no longer relevant to the American people. Thus, the Republican ascension to power is viewed to be a clarion call to eliminate a variety of benefits and entitlements pressed for since the 1930's.

Although evidence is sparse to prove that this past election was a mandate for radical change, Reagan's commitment to lessen the role of the federal government and to foster private initiative has much support. During the campaign, for instance, he stated: "Those who view poverty and unemployment as permanent afflictions of our cities fail to understand how rapidly the poor can move up the ladder of success in our economy," reiterating the traditional ethos of the middle class. This rapid move to success as Reagan views it, should be accomplished through the private sector and through greater reliance on state and local government

This shift to localities and the promotion of the private sector are not simply deepfelt Republican doctrines (local governments are better suited to grapple with local problems, the private sector is more efficient) but pragmatic strategies to curb runaway inflation which, according to Republicans, is caused by federal budget deficits. By cutting taxes and the federal

bureaucracy, trimming a variety of programs through budget reductions and narrowing eligibility, they hope to stabilize the economy and, in future years, achieve a balanced budget and increase economic growth as well. But, should such anti-inflation strategies be pursued at the expense of the poor? CSS thinks not.

This document serves as an alert not only to those public interest and social welfare groups who have for years spoken out for the poor whose voice is seldom heard, but also to those who are the providers and suppliers of programs to poor people; to teachers and social workers; nurses, dentists and doctors; farmers and supermarket owners. We have common interests, perhaps yet to be articulated, but they exist.

The threat to those programs for which human service advocates have fought so long, challenges us to mobilize for action -- to spearhead a coalition of these interests. While we may find ourselves as reactors and "holders of the line" rather than initiators, we still must pursue strategies and set priorities to ensure that those for whom we speak are not betrayed or forgotten. A balanced budget must not be achieved by cutting programs which aid the people who are the most dependent on governmental aid. No one can decry economic stability and growth, but these must go hand in hand with social justice and equity.

Community Service Society hopes that the U.S. is not about to make a sudden and drastic shift to the right and that we share Congressman Preyer's optimism when he states: "We make progress as a nation like a drunk on horseback. We stagger from one side of the road to the other but we're never very far from the middle." To ensure this, we must mobilize our allies, both traditional and new, and consciously create coalitions of the

concerned. We must reach out to local governments in counties and cities and to state legislators across the Northeast. We must then speak out together, because it is only as one strong voice that we can best advocate our interests; and it is only in unison that we shall be heard.

To prepare this document, the various programs which receive federal support were analyzed as to their current legislative and budget status, their beneficiaries, and political viability or adherence to the policy stance of the Reagan administration. Information was gathered from printed materials or through personal contact with the Carter administration, Reagan advisors, congressional staff, state and local agencies, news media, and public interest organizations.

Special acknowledgement is to be given to the diligence and speed with which CSS policy staff under the leadership of Georgia McMurray, worked to produce the information in so short a time. Members of the staff include: Eleanor Stier (Education), Eleanor Marshall and Anjean Carter (Health and Nutrition), Linda Wolfe-Jones and Eveline Burns (Income Security), Constance Mackey (Employment), Jesse Yates (Social Services for Children, Youth and the Elderly), Jonathan Erlitz (Housing and Transportation), David Gayer and John Dydo (Fiscal and Taxation Policy) and Margaret Kerry (Legislative Analyst).

PROGRAMS LIKELY TO BE CUT NOW

During the campaign and the first thrust of victory, the Reagan Administration promoted tax cuts as a major way to reduce government spending, this essentially being supply side economics. Reagan advisors speculated that cuts in Federal taxes could be accomplished without increasing the budget deficit. These cuts were to be effective early 1981. Current information suggests that tax cuts are unlikely to be enacted until after the summer in order to minimize the budget deficit.[1]

Further, the Sunday New York Times (January 11, 1981) reports that the new administration will need to find at least $27 billion of program cuts to deal with the deficit. It will have to find ways to reduce expenditures particularly in the "soft" areas (health and welfare) to fulfill its campaign rhetoric. Which programs are most likely to feel the axe?

The 96th Congress adjourned in December leaving several programs of significance to the human services community in jeopardy because it failed either to pass an appropriations bill or enact reauthorization legislation. These programs as a group are highly vulnerable to elimination or budget reduction during the next eighteen month because the Reagan Administration must present its recommendations to the Congress within a few weeks to Congressional authorizing or budget committees and it is highly unlikely

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[1] Revenue losses from the Kemp-Roth Bill estimated by David Reston and John Bishop, "Reform of the Tax System to Stimulate Nation Supply" - Presented at the Industrial Relations Research Association Meeting, September 7, 1980.

to propose a carryover of Carter policies.

Community Service Society used this built-in timetable for Congressional approval as a primary factor in addressing the current vulnerability of federally supported programs.[1] Our analysis indicates that the following programs are now highly vulnerable:

--- CETA programs, including youth employment (on continuing budget resolution and needs reauthorization)

--- Food Stamp Program (current appropriation insufficient to cover this fiscal year)

--- School Breakfast and Lunch Programs (because of their relationship to the Food Stamp Program)

--- Health Planning (on continuing budget resolution)

--- Community Health Centers (on continuing budget resolution)

--- Follow-Through (needs reauthorization)[2]

--- Mental Health Services (a newly authorized Act continuing the Community Mental Health Program)

--- Section 8 and Section 312, Housing programs (Administration bias against categorical assistance)

Fact sheets on each of these programs are presented in Appendix B.

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[1] Other indicators used were: tools for executive action, type of program, fiscal savings and constituents. (See Appendix A.)

[2] It is an anomaly of public policy that Head-Start, whose reauthorization is also due, is more likely to gain Congressional approval because of its constituent support and current studies which substantiate its viability. The Follow-Through program, designed to provide continuity for this, showed youngsters had fared less well perhaps because it is an integral part of the public school system and receives less priority attention.

The programs viewed most vulnerable to change cover a broad range of human services interests. Several are highlighted here. Each of these carry their own constituencies -- beneficiaries, providers, professional workers and lay advocates. (Potential organizational allies as well as major beneficiaries are described in the fact sheets.)

On employment, the demise of public subsidized employment training programs for structurally unemployed persons represents a most direct threat to the perpetuation of poverty particularly among minority persons. Even though the CETA programshave some critics, they have been somewhat successful in affording job opportunities for persons shut out of the labor market. Individuals who have benefitted by CETA are potential advocates and they could be organized by CETA trainers if contact has continued. In addition, major civil rights organizations and the providers of community services generally are natural allies as well.

In nutrition, the food stamp program is by all accounts at the highest risk of reduction. The coalitions that were organized to press for appropriations for this fiscal year are the natural groups for any further mobilization to protect the program. In addition, such indirect beneficiaries as farmers, retail and wholesale marketers, should be contacted for support. The reduction in the food stamp program or the contemplated offsetting of benefits in the school feeding programs represent a major attack upon the most viable human services programs. Parents and teachers associations, school board members and administrators are thus potential allies. With rising inflation, particularly affecting the cost of food, public opinion could effectively be mobilized to highlight the plight of poor people and especially children, being deprived of food.

There are ten categorical child nutrition programs which are administratively complex. Funding shifted in the 1970's from the grant-in-aid concept to a statutorily-defined reimbursement formula for various types of services provided within a state. In addition to the statutorily-defined reimbursement rate, some programs are "performance funded," that is, they receive funds on the basis of the number of meals served. The programs serve different categories of children, provide different types of benefits and are administered by a variety of school, health and civic organizations. While not specifically entitlement programs, they are administered and funded as if they were. Federal subsidies are provided to all income groups but larger subsidies are provided to lower income groups.

Health proposals are a primary target. CSS envisions that should community health centers and local capability for health planning be reduced, the ability of New York City to gain control over its health care delivery system and foster an expansion of primary health care will be further reduced. Even greater reliance will be placed upon emergency and crisis medical treatment burdening an already overloaded municipal hospital system. Proposals to alter the Medicaid and Medicare programs in the future with greater reliance upon the private sector contemplated,need to be taken into account in planning strategy to counteract the health reductions anticipated now.

Two other health programs are in danger of being cut by the Reagan Administration: these are the Professional Standards Review organizations and the National Health Service Corps. The PSRO Program, like health planning, is a regulatory program in which decisions are reviewed about the type and duration of treatment received by Medicare and Medicaid patients. The Administration

believes this type of regulatory agency is expensive and not cost-effective. The National Health Service Corps Program which recruits and places health care professionals in health manpower shortage areas is also in danger of cutbacks or elimination. The program has no authorization which facilitates its demise if Congress and the administration so desire. The projected over-supply of physicians is part of the rationale for ending this program; this source of physician supply is considered crucial by the Community Health Centers.

PROGRAMS LESS LIKELY TO BE CUT NOW

Some programs appear less likely to be reduced or altered during the next eighteen months. (See Appendix C.) Entitlement programs will be under major attack because their fiscal growth over the years is felt to be the major cause of the burgeoning federal budget deficit. The Republicans will attempt to place caps on the appropriations of these various programs which are mostly open-ended and limit their eligibility to the "very poor." It is highly unlikely the Republicans will be unable to accomplish their planned cuts on entitlement programs within the next eighteen months because of the protracted political battle that will be mounted by constituent groups.

Certain programs are less vulnerable either because their funding has already been advanced[1] (education), or secured (adoption assistance), constituent support is strong (services for senior citizens and Head Start) or they are already funded by block grants (community development and Title XX- Social Services).

In addition, federal support for health and nutrition programs for targeted groups of women, infants and children appear in less jeopardy. This seems to be at variance to the rhetoric of the new administration which opposes categorical assistance, but these groups seem especially favored. Section 202 housing subsidies for elderly and handicapped persons and urban mass transportation aid except for operating funds may be left relatively untouched.

The various programs derived from the social security titles are vulnerable in the long run either because they are perceived to be overly regulated

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[1] Funding will automatically flow until July 1981; afterwards, these programs may be vulnerable to recision.

at the federal level (public assistance and medical aid) or the outlook for continued fiscal solvency is uncertain (OASDI). Information is, therefore, presented on those programs to aid in long-range planning. Energy assistance, due for reauthorization in 1982, is likely to experience difficulty because of the volatile nature of the energy issue generally.

There has been some speculation as to how much unemployment insurance has been targeted for reduction by the Reagan Administration. It should be recalled that this program is state administered. The options for federal action therefore are circumscribed and could include a percentage cut in reimbursement of state administrative cuts, a reduction in the federal program for extended benefits, or a limitation on conditions to compensate for job loss due to foreign competition. The exercise of any one is highly unlikely to take place before fiscal year 1983, because of the political strength of organized labor.

The vulnerability of these various programs to radical alteration in the long run is presented now to afford sufficient lead time for further analysis and priority setting which will inform coalition-building strategies.

BLOCK GRANTS ARE NOT THE ANSWER

The shift to a block grant approach along with tax cuts carries major implications for state and local governments both in their ability to provide for essential human services and in their desire to respond positively to traditional calls for assistance. This is particularly true for New York State.

As part of this analysis, the probable impact of pursuing the block grant versus categorical assistance grant was assessed with the conclusion that a major shift to block grants will be detrimental for this City and State. For this reason, both New York City and State officials should be deemed worthy allies in mounting a campaign to save existing programs or, at the very least, to minimize their sharp alteration through the exercise of special decision power at the federal level.

The use of block grants is less a fiscal control device than a way to carryout a political philosophy which calls for less government interference. Matching grants, an important form of categorical assistance, reflect federal policy bias and are meant to stimulate expenditures by recipient governments for functions paid for through the grant. Take public assistance and Medicaid, for instance: if federal matching grants for these functions were discontinued, we could speculate that state and local governments would reduce their outlays accordingly because of their increased cost. These governments would have less revenues to finance them.

Block grants, too, affect the total expenditures of state and local government because state and localities potentially have more money to spend on all their functions as contrasted to particular targeted programs. While the exact effects of such a switch is difficult to trace (it depends on such things as size of government, administrative complexity, political forces of the poor and non-poor), the impact on poor people would be undoubtedly substantial. However, unlike matching grants, block grants would not favor any function by reducing relative costs; therefore, they bring no relative shift in expenditures for functions with matching grants. To this extent, block grants fit the ideology of non-interference in state and local government affairs more than matching grants. They do not include shifts in expenditure for any given function, but they do make state and local governments richer, and therefore, tend to increase overall expenditures, but again the effect on each state is relative. In assessing the danger of a shift to block grants certain factors such as income distribution and geographical allocation and funds must be considered. For purpose of discussion, we have analyzed the distributive effects if federal funds, public assistance and Medicaid were moved from matching grants to block grants or tax cuts. (See Table 1).

Naturally, the precise regional impact of a shift in federal programs depends on how revenues are to be redistributed (what parameters are to be considered in distributing intergovernmental aid) or how the income tax liabilities are to be computed (is the tax cut equal, proportional, etc.?) However, some likely guesses can be made. Two such

possibilities are presented in Tables 1 and 2. The regional shifts shown in Table 1 encompass some of the distributional impact that could occur from eliminating public assistance and Medicaid matching grants and replacing them with block grants.[1] The distributional method may affect people or institutions diffentially. About $2.2 billion would shift from losers to gainers. The losers would be the New England, Mid-Atlantic, East-North Central and Pacific Regions. The biggest loser is the Mid-Atlantic Region, which contains New York, New Jersey and Pennsylvania. It would stand to lose 19.9 percent of this federal aid. The biggest regional gainer is the South Atlantic Region which would gain 47.5 percent in federal revenues under the new plan, followed by the Mountain Region which would gain 44.6 percent. Other regional gainers are the West-North Central Region, the East-South Central Region and the West-South Central Region.[2]

This analysis does not dictate that such drastic shifts will actually take place, especially if it means drastic cuts in state public assistance and Medicaid programs. But the dangers of such plan to the economically shrinking regions should be made clear. Such a plan would

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[1] Column 1 of Table 1 contains the present distribution of revenue sharing, public assistance and Medicaid. Column 2 shows the distribution if all Medicaid and public assistance grants were eliminated and the same pattern as revenue sharing. Column 3 shows the gainers and losers of such a programmatic shift.

[2] Because of the difference in individual states' circumstances, not all states in a region which is a loser, necessarily loses. The same is true for gainers. A state by state analysis is needed to estimate individual state losers and gainers.

not only deprive the poor of their means of subsistance, but would hit those states already pressed by shrinking economies and smaller taxes bases. This means that these states will not have the possibility of replacing federal funds with their own revenues even if they wanted to continue these programs at current levels.

Table 2 presents another scenario.[1] Here all Medicaid and public assistance intergovernmental grants are discontinued and replaced with individual income tax reductions. The reductions are assumed to be proportional for each region, as would be the case, for example, with a proportional cut in tax liabilities.

As in the previous case, the New England Region, the Mid-Atlantic Region and the Pacific Region are losers. The East-North Central Region which was a loser in the previous case is a gainer in this scenario. Other gainers are the South Atlantic, West-North Central, West-South Central and the Mountain States. Notice that the East-South Central Region which was a gainer in the previous case is a loser under these assumptions (See Table 2). A total of $1.3 billion was redistributed among regions.

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[1] The patterns are similar to those found in Table 1, but not identical. Column 1 of Table 2 contains the present distribution of Medicaid and public assistance federal grants. Column 2 depicts the distributions if these grants were discontinued and replaced by a reduction in the individual income tax. Column 3 shows the dollars gained and lost by each region under the new scheme compared to the present system. Finally, Column 4 shows the result of federal aid (none converted to tax reductions), gained or lost by each region.

Clearly, the two scenarios do not exhaust all the tax and aid change possibilities. Cuts in business taxes, whose distributional impact is not clear even in theory, are a prime item in the agenda of the new administration. Much of the impact on distribution will depend on the type of tax cut. Several possibilities exist: cuts in the corporation income tax rates, credits for investment, and a new idea, tax credits for employing additional workers.

Although numerous other possible changes exist, which could not be analyzed here without specific knowledge of the programs, this exercise does show, however, that elimination of matching grants for programs serving poor families will mean hardships to the poverty stricken that states, even with all their good will, cannot compensate for it.

State and local governments and their various associations should be presented with analysis such as this to solicit their aid in offsetting the contemplated changes of the Reagan Administration. At first blush, block grants may appear favorable to local interests because they reduce the federal role. Careful analysis shows that the Northeast cannot afford such a shift in public policy and state and local governments in this period should be rallied if only as a matter of self-interest.

January, 1981

TABLE I

REGIONAL DISTRIBUTION OF FEDERAL MATCHING AND BLOCK GRANTS, 1977

Region[a]	(1) Present Distribution of Public Assistance,[b] Medicaid[b] and General Revenue[c] Sharing	(2) Distribution[1b] With conversion of all Medicaid and Public Assistance to General Revenue Sharing	(3) Dollars Amount Gained (+) or Lost (-) (in $ Billions)	(4) Percent of Present Total Federal aid Gained or Lost
New England	6.9	5.8	- 256	- 16.2
Mid Atlantic	23.2	18.6	-1056	- 19.9
East North Central	18.2	16.8	- 314	- 7.6
West North Central	6.2	6.8	+ 137	+ 9.7
South Atlantic	13.6	20.0	+1468	+ 47.5
East South Central	5.6	6.1	+ 122	+ 9.6
West South Central	7.9	8.6	158	+ 8.8
Mountain	2.9	4.2	+ 296	+ 44.6
Pacific	15.5	13.1	- 554	- 15.6
TOTAL	100.0	100.0	0	-

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a/ Regions are those defined by the U.S. Bureau of the Census.

b/ The Source is the U.S. Department of Health and Human Services "Public Assistance Programs," SSA, ORS No. 13-11951, Oct. 1980

c/ The Source is The Advisory Commission on Intergovernmental Relations, "Revenue Sharing for States," Washington, D. C. 1979

TABLE II

REGIONAL DISTRIBUTION OF FEDERAL MATCHING AND INDIVIDUAL INCOME TAX REDUCTIONS, 1977

Region[a]	(1) Present Distribution[b] of Public Assistance and Medicaid	(2) Distribution With Elimination of all Medicaid and Public Assistance and Reducing Personal Income Taxes[c] by the same amount	(3) Dollars Amount Gained (+) or Lost (-) (in $ Billions)	(4) Percent of Present Total Federal aid Gained or Lost
New England	7.3	5.8	- 258	- 22.1
Middle Atlantic	25.5	17.9	-1166	- 29.4
East North Central	18.9	21.3	+ 387	+ 13.1
West North Central	5.9	7.1	+ 184	+ 19.8
South Atlantic	10.6	14.4	+ 590	+ 35.5
East South Central	5.3	4.6	- 114	- 13.7
West South Central	7.6	9.7	+ 330	27.8
Mountain	2.3	4.2	+ 292	80.0
Pacific	16.6	15.0	- 245	- 9.5
TOTAL	100.0	100.0	0	-

a/ Regions are those defined by the U.S. Bureau of the Census

b/ The Source is the U.S. Department of Health and Human Services "Public Assistance Programs" SSA, ORS No. 13-11951, October 1980

c/ The Source is The Internal Revenue Service "Individual Income Tax Returns, U.S.G. P. O., 1979

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1. Wallace Oates, Fiscal Federalism Harcourt Brace Janovich, 1972; James A. Wolde, "Grants-in-Aid" National Tax Journal June, 1971; Edward M. Gramlich and Harvey Galper, "State and Local Fiscal Behavior and Federal Grant Policy," Brookings Papers on Economic Activity, 1973.

2. Richard P. Nathan and Charles F. Adams, Jr. Revenue Sharing: The Second Round, Brookings Institution, 1977.

APPENDICES

APPENDIX A: INDICATORS OF VULNERABILITY

I. TIME: What administrative or legislative action can be accomplished by September 30th (the end of the fiscal year)? Factors considered: various agencies are busy preparing their submissions to O.M.B. for this fiscal year and next but must meet statutory requirements for submission to Congress.

The processes of organizing and in-fighting resulting from transmission limit the areas in which immediate cuts can be made. Given the short time available until September 30th, it becomes clear that energy and time cannot be directed toward controversial items of budget reduction, e.g. public assistance and social security.

II. EXECUTIVE ACTION: A number of significant changes can be made by the following techniques without any legislative intervention, but the new administration does not have full control of the bureaucracies yet and executive action such as these require more time for planning. We are likely to see their emergence after FY 1982.

A. Regulatory Changes. Simply changing the criteria for eligibility for certain programs can easily reduce the number of beneficiaries (and amount of expenditures) of various programs. Thus, under the Community Development Block Grant Program, simply changing definitions and/or criteria within HUD would shift funds from one group to another, and from one economic sector to another, and possibly result in a substantial reduction in expenditures. Changing the definition of "lower income families", for example, could be done in two ways - by reducing the income limits from 80% to 60% of the "median family income in the area", and by redefining "area".

Perhaps even easier would be a modification of the definition of the "Poverty Level". While it may be difficult to conceive of an income level lower than the present one, it would be quite simple to lower the poverty level by multiplying the cost of the Department of Agriculture's minimal subsistence food budget by 2.5 rather than by 3 as is now the case.

B: Impoundment. Since 1974 executive impoundment of funds is forestalled by the requirement that the President submit a recision bill to Congress, and, if that bill is not approved, he must carry out the program in question. It is too early to assess the effects of that law - there is only the presumption that the excesses of the Nixon administration have been avoided. Certainly, where there is the possibility of impoundment, there is, at a minimum, the possibility of delay in funding. It would be premature to say that executive impoundment as a means of fiscal control has been eliminated but the Reagan administration is likely to be cautious in its use.

C: Appropriation Process. Once Congress has passed the authorizations for a program, O.M.B. assumes basic responsibility for supervising execution of the program. O.M.B. establishes reporting requirements, and, to a large extent, the rate at which expenditures are made. Thus, for existing programs, it has two instruments of control: it can delay acceptance of the reports, and it can slow down payments to programs that the administration wishes to "starve out." The effect is so demoralizing that program staff find it difficult to execute their programs. This represents a prime area for action over the next eighteen months.

D: Approval of Plans: If a new program, or a new phase of an existing program, to be carried out by another level of government, is being considered, the plans or proposals must be approved. The length of time

required for the approval process is highly elastic: a desired program goes through quickly; others seem to get misplaced, and approval seems to take forever. Thus a plan for adoption assistance could be held up indefinitely. Similarly, funds for the mental health systems can be held up for failure to approve the administrative structure of the program, let alone the programs themselves. Again, a prime area for administrative activity now.

III. TYPE OF PROGRAM

A. Entitlement. These are likely to be the most difficult form of programs to cut back. They spell out the terms under which beneficiaries become legally entitled to whatever benefits the law provides. Public Law 93-344 (July 1974), the "Congressional Budget Reform Act" attempted to put limits on Congress' ability to increase entitlements, but it was necessary to leave a number of loopholes. Even Mr. Stockman found it wise to avoid tampering with OASI. Thus, in the short term, entitlement programs would not be at high risk.

B. Revenue Sharing/Block Grants. Revenue sharing commitments to local governments have been made through FY '83 on an entitlement basis, and thus seem unlikely to be affected. There are no such commitments to the states for FY 81, however; payments will again be made to the states commencing in Fiscal '82, and each dollar of categorical assistance will be traded against an equivalent revenue-sharing dollar. Thus, the possibility of any significant changes being made in FY 81 is quite remote. On the other hand, considerable administrative discretion is available in the case of block grants (see, for example, the discussion of C.D.B.G. above) wherever the administering agency must set criteria or define terms.

C. Categorical Grants. Many, if not most, categorical grants are administered by the Department of Education and Health and Human Services (old H.E.W.). The grants tend to be conditional in nature, with strings attached, and with stringent requirements in grant design. In addition, most of these tend to be matching grants, thus making them less desirable on the part of the recipient governmental unit or agency. Simply changing some of the conditions and requirements could make the grants non-existent.

IV. FISCAL SAVINGS. While it is true that the larger the dollar amount involved, the greater, all other things being equal, will be the tendency to cut that specific program. But not all other things are equal: even if public assistance expenditures were half of what they are today, they would be attacked, while defense expenditures go on unscathed. About all that we can say is that where the savings are small, and the political constituency is significant, significant reductions in expenditure levels are not likely to be made.

V. CONSTITUENCIES. Where the beneficiaries of the services are: (a) geographically concentrated, (b) thought to have some political power, or (c) thought to have economic power, their interests are unlikely to be affected. Thus, the sterectype of the conservative "Sun-belter" is of a power bloc that is on the rise economically, homogeneous in political and economic outlook, and bound into a power bloc by that very homogeneity. The problems of urban blight in the older cities are simply incomprehensible. They will be trying to reduce the role of government in social change. On the other hand, certain economic interests (e.g., CASI) tie economic groups together; and programs affecting them directly can be attacked only at great risk. Children, the sick, and the poor, however, are not yet significant constituencies.

APPENDIX B: Programs Likely to be Cut Now

- CETA, including Youth Employment
- Food Stamps
- School Lunch and Breakfast
- Health Planning
- Community Health Centers
- Mental Health
- Section 8 and Section 312 Housing Subsidies
- Follow Through

Name of Program: CETA

(The Comprehensive Employment and Training Act of 1973 - PL 93-203 - enacted December 28, 1973 and amended December 31, 1974, October 12, 1976, June 15, 1977 and August 5, 1977. The Comprehensive Employment and Training Act Amendments of 1978 - PL 95-524 - were enacted October 27, 1978 and amended the CETA law of 1973. The Act was designed to provide job training and employment opportunities for economically disadvantaged unemployed or underemployed persons.)

Current Appropriations

Presently operating under Continuing Budget Resolution II which cut $440 million from the appropriations provided under the first budget resolution. Title VI was cut by $500 million to $729 million; Title IV - Youth Employment Programs - was increased by $50 million to $746 million; and the Job Corps was increased by $10 million to $561 million. All other titles remained unchanged from the FY 1980 appropriations under the first continuing budget resolution. Total CETA appropriations now stand at $7.975 billion for the current fiscal year.

With the exclusion of Title IV programs, New York State and New York City were allocated respective totals of $749,869,686 and $344,396,096 in fiscal year 79-80. While the continuing resolution maintains or increases levels in some programs, exact figures which reflect the severe impact of the devastating cuts in Title VI are not available.

Major Beneficiaries

The program serves economically deprived unemployed or underemployed persons who fall within certain age, income and/or special population categories as defined by the legislation, and differs among the various titles. These include income guidelines as determined by the Office of Management and Budget or the Bureau of Labor Statistics Lower Living Standard; employment and training programs for youth ages 14-22, both in-school and out of school; public service employment for adults who are unemployed due to cyclical changes in the economy; classroom and/or on-the-job training for unskilled or underemployed adults; special program provisions for Native Americans and special inclusions for persons with job market impediments who do not fall within the income restrictions of the Act. NYC served approximately 29,800 persons (excluding Youth Programs) under the various titles through 6/30/80.

Program Vulnerability

CETA is due for reauthorization in September 1982 but faces major opposition in the incoming administration. Although funding continues under HJR 644, and no immediate changes are expected, predictions of the new administration's budget proposals estimate that cuts of as much as 1/3 across the board will be recommended. These would be felt late in the fiscal year. There is some concern in the training and employment community that the cuts effected in Title VI might be extended to Title II-D programs in the new budget and into FY 1982. With expressed focus on increased incentives for the private sector, Title VII programs are likely to continue to fare well. Beyond the immediate concerns for the 1982 fiscal year is the direction that national employment policy can be expected to take in the coming year. Some indication should be

revealed in the budgetary process as the administration's priorities emerge in definition. It is expected that a firm policy should be developed by the beginning of FY 1982 and may present a strong challenge to the reauthorization effort the following year.

Potential Organizational Allies

Opportunities Industrialization Centers
The New York and National Urban League
The National Puerto Rican Forum
The New York City Youth Board
The Vocational Foundation, Inc.
Brooklyn Catholic Charities
National Alliance of Business
Human Resources Development Institute - AFL-CIO
State Communities Aid Association

Name of Program: Youth Employment (CETA Title IV)

(Youth Employment Demonstration Projects Act was enacted August 5, 1977 and was incorporated under The Comprehensive Employment and Training Act Amendments of October 27, 1978 in Title IV)

Current Appropriations

The programs under this Act expired on September 30, 1980. Efforts to enact new legislation failed. Programs are continuing to operate with appropriations under Continuing Budget Resolution HJR 644 which at present are $746 million.

Major Beneficiaries

The program serves economically disadvantaged youth ages 14 to 22 in a number of training and employment programs for both in-school and out-of-school populations. There are also provisions by which "special" populations which do not fall within the economic restrictions can also be served. The latest figures available, for the period ended 6/30/80, show that NYC served approximately 11,496 persons, excluding the Summer Youth Employment Program, under this title.

Program Vulnerability

With the exception of the Job Corps, Title IV Youth Programs are presently operating without enabling legislation. The Youth Initiatives proposed by the outgoing administration and the compromise versions were unable to pass the lame-duck Congress. While the incoming administration has shown awareness of the need for national youth programs, it is likely that any proposals it generates will include a sub-minimum wage as a major feature.

There has been some discussion that returning Congressional representatives who have been strong supporters of a new youth initiative would favor an effort to ride out the Continuing Budget Resolution and continue to operate the present programs under that funding through the end of FY 1982. This would enable proponents to pursue an overall training and employment system under one legislation by incorporating the youth programs in the reauthorization package for CETA. It is more likely that long-time supporters will engage in another attempt to get a youth bill passed before the end of the present fiscal year. Representative Jeffords is expected to introduce a youth package as his first bill in the 97th Congress. This is probably a more advisable approach; taking a wait-and-see posture might give more muscle to an unfavorably disposed administration.

Potential Organizational Allies

NYC Youth Council
NYC Youth Board
NYC Department of Employment
Employment and Training Planning Council
Opportunities Industrialization Centers
National Puerto Rican Forum
New York and National Urban League
Human Resources Development Institute - AFL-CIO
State Communities Aid Association

Name of Program:

FOOD STAMP PROGRAM -- (Food Stamp Act of 1977) The Food Stamp Act expires on 9/30/81 and will have to be reauthorized by Congress. The Senate and House Agriculture Committees have jurisdiction over this legislation.

Current Appropriations:

$9.7 billion was appropriated for FY 1981, the spending ceiling in the Food Stamp Amendments. The cash value of stamps to be issued in New York State is valued at about $700 million. It is projected that the $9.7 billion will be used by July 1981 due to rising food prices and increased numbers of persons seeking assistance because high unemployment rates.

Major Beneficiaries:

Currently, the program serves 22 million people on limited incomes (about 1.8 million in New York State and about 1.2 million in New York City). They are provided with coupons called food stamps which can be used like cash to purchase food at participating stores. In addition to food stamp recipients, persons benefitting from this program include farmers, middle men, retail food markets, and federal, state and local administrative personnel.

Program Vulnerability:

This is a capped entitlement program. The monies appropriated for FY 1981 are expected to be used up by July 1981. This situation has occurred repeatedly over the past several years and Congress has had to supplement the initial appropriations at the last minute. The fact that Congress knowingly allows this to happen probably reflects its attitude toward the program generally. Inflation (food stamp benefits are indexed to the cost-of-living) and rising unemployment are the major factors underlying the need for increased funding.

The Food Stamp Program is not permanent. The battle over reauthorizing the Food Stamp Program is likely to be bitter in the months prior to the end of September 1981. Although Congress will not

likely allow the program to expire, there will certainly be attempts to cut back benefits. Senator Helms, the probable new Chairman of the Senate Agriculture Committee, has declared his wish to see the Food Stamp Program considerably reduced. He has proposed to tighten eligibility, to reinstate the requirement to purchase the coupons and to deduct the value of subsidized school lunches from a family's food stamp allotment. Attempts to reduce this program will be one of the first items on the agenda of the 97th Congress.

Potential Organizations Allies:

The Children's Foundation
New York State Food Law Project/CALS
FRAC (Food Research and Action Center)
National Association of Social Workers and New York City Chapter
American Public Health Association and New York Chapter (PHANYC)
Community Council - Hunger Task Force
State Communities Aid Association

Name of Program:

SCHOOL LUNCH PROGRAM -- (The National School Lunch Program is permanently authorized by the National School Lunch Act of 1946)

Current Appropriations:

$1.1 billion was appropriated for FY 1981. In FY 1980 New York City received $85.5 million.

Major Beneficiaries:

The program provides free and reduced price lunches to about 28 million school-age children (under 21 years of age) (about 500,000 are in New York City) enrolled in pre-primary, primary and secondary schools and in residential child care institutions, including homes for mentally retarded, emotionally disturbed, physically handicapped persons and unmarried mothers; halfway houses; orphanages; shelters for abused children; long-term health-care facilities; and juvenile detention centers. Other persons benefitting include food producers and handlers; workers in school cafeterias; federal, state and local administrative personnel.

Program Vulnerability:

State reimbursement is based on a formula subsidy per meal served. The 1981 budget was cut substantially. Some cuts were enacted for one year and others were permanent cuts. It seems likely that the one-year cuts will become permanent.

School food programs are targets for further cuts in 1982 through shrinking the eligible population and reducing benefits. The programs' effectiveness has been questioned and the fact that they operate to all intents and purposes as entitlement programs with little control over costs (which have been escalating) make them highly vulnerable to program reduction.

In the House, the Education and Labor Committee and in the Senate, the Agriculture Committee, have jurisdiction over this legislation.

Senator McGovern, the Chairman of the Subcommittee on Nutrition of the Agriculture Committee, who was very supportive of the food programs was defeated in the election. Also defeated was Senator Talmadge who chaired the Agriculture Committee. The probable new Chairman, Jesse Helms, is fiscally conservative and in the 96th Congress proposed measure which would inhibit participation in the food programs.

Potential Organization Allies:

Citizens Committee for Children
Children's Defense Fund
The Children's Foundation
Food Research and Action Center

Name of Program:

SCHOOL BREAKFAST PROGRAM - (The School Breakfast Program was established as a two year pilot program by the Child Nutrition Act of 1966. The program was permanently authorized under PL 94-105, the National Child Nutrition Act of 1975.)

Current Appropriations:

$311,600,000 was appropriated for FY 1981. In FY 1980 New York City received $10.2 million.

Major Beneficiaries:

The program provides free and reduced price lunches to about 3.4 million school age children (about 131,000 children in New York City). (Same as defined for the National school lunch program).

Program Vulnerability:

(See for the School Lunch Program discussion)

Potential Organization Allies:

(Same as for School Lunch Program)

Name of Program:

HEALTH PLANNING -- (Established in 1974 in the Health Planning and Resources Development Act (PL 93-641), Title VI of the Public Health Service Act.) Reauthorized for three years in 1979 (PL 96-79); authorization expires September 30, 1982. The House Interstate and Foreign Commerce Committee and the Senate Labor and Human Resources Committee have jurisdiction over this legislation.

Current Appropriations:

$145 million was authorized for health planning purposes for FY 1981 under a continuing resolution which expires on June 5, 1981. The NYC HSA received about $3.6 million (including an initial allocation of $3.16 million, plus supplements) for the current grant year which began April 1980. It is anticipated that the initial allocation for the grant year which begins in April 1981 will be between $2.4 and $2.6 million, and very little in the way of supplemental funds.

Major Beneficiaries:

The health planning system is a network of state and local planning agencies to improve health services and to restrain increases in the costs of providing health care services by preventing unnecessary development of health facilities and by establishing priorities to determine which facilities and services are necessary. Statewide health planning and development agencies coordinate the long-range health planning activities of the local agencies.

Theoretically, the total population benefits from the impact of health planning goals on the health care delivery system. Consumers of health care, providers, professionals and non-professionals engaged in health care and health-related care, employers and unions who purchase care, the drug industry, researchers, manufacturers and suppliers of goods and services are affected by/benefit from this program.

Program Vulnerability:

This is a grant-in-aid program with the money going directly to states and local planning bodies. The program budget for 1981 is lower than the 1980 budget by $22 million, the cut coming entirely in monies for local planning activities. Funding for this program under the continuing resolution expires on June 5, 1981. It is extremely unlikely that the cuts made in local health planning will be restored. The 1982 budget is highly vulnerable to further cutting. Health planning activities epitomize the type of regulation the Reagan administration wishes to curtail severely if not eliminate. Amendments

to the planning act to cutback on HSA responsibilities are most certainly in the offing.

The chairman of the Senate Labor and Human Resources Committee which has jurisdiction over this program is Orrin Hatch (R. Utah) who is joined by four new conservative Senators on that Committee. Henry Waxman (D. Cal.) remains Chairman of the Health Subcommittee of the House Interstate and Foreign Commerce Committee; it must be remembered that the House in the 96th Congress voted for the cut in the 1981 budget.

Local health systems agencies have demonstrated some success in reducing unnecessary health facility construction and expenditures and in developing informed consumers who can effectively interrelate with government, voluntary agencies and health care providers in impacting on the health care system. Continued budget cuts in the local planning portion of the budget jeopardize progress made towards this type of joint, organized local "planned" planning instead of the crisis planning of earlier years.

Potential Organization Allies:

American Health Planning Asscciation
Consumer Commission for the Accreditation of Health Services
American Public Health Association and New York City Chapter (PHANYC)
Consumer Coalition for Health
State Communities Aid Association

Name of Program:

COMMUNITY HEALTH CENTERS (Community Health Centers, Section 330 of III of the Public Health Service Act) Authorization expires on September 30, 1981. The House Education and Labor Committee and the Senate Labor and Human Resources Committee have jurisdiction over this legislation.

Current Appropriations:

$325,000,000 was authorized for FY 1981 under a continuing resolution which expires on June 5, 1981. New York City receives about $25 million in grants.

Major Beneficiaries:

About 5.2 millions persons in urban and rural medically underserved areas are provided a range of health care services. In addition to the centers who receive the funds, the staff providing services, suppliers of goods and services, laboratories and commercial establishments where the centers are located benefit from this program.

Program Vulnerability:

This is a project grant-in-aid program with the money going directly to local service providers, not the state. The authorizing legislation expires on September 30, 1981. If authorizing legislation is not passed, funding will be affected and in no event, would funding increase.

The Reagan administration could be expected to reduce spending levels for these programs, if not between June and September 1981, then certainly for 1982. Early Reagan health advisors have characterized the centers as a type of federal government intrusion which is unnecessary and duplicative. It is maintained that these programs could be better operated by the private sector or that they should be turned over to the states. The projected national over-supply of private practitioners is cited as a reason why geographic access to primary health is no longer a problem. There is no indication that the over-supply of physicians will locate in poor urban areas whose designation as "medically underserved" has not as yet been changed to reflect any adequate supply of primary care physicians.

Reducing or eliminating Community Health Centers will seriously affect access to primary health care and force patients to seek more costly secondary and tertiary care in institutional settings.

The defeat and retirement of many liberal Senators and Representatives who were supportive of Community Health Centers endangers the continuation of this program. The 96th Congress included some very vocal legislators who sought to eliminate these programs or turn them over to the states in the form of a block grant.

Potential Organization Allies:

National Association of Community Health Centers
Association of New York Neighborhood Health Centers
National Association for the Advancement of Colored People
New York Urban League
New York Urban Coalition
State Communities Aid Association

Name of Program:

Mental Health Systems Act, Public Law 96-398, signed into law October 7, 1980. The Act extends and incorporated the existing Community Mental Health Centers Program (CMHC) through Fiscal Year 1981, and established, beginning in Fiscal Year 1982, a more flexible approach to assisting communities to meet their mental health needs.

Current Appropriations

The Act will not become effective until Fiscal Year 1982. Because of the time it will take to gear up for the new grant programs, Congress extended the existing Community Mental Health Centers Program (CMHC) through Fiscal Year 1981 and authorized appropriations of $37 million for grants to centers in their first year of operation, $15 million for consultation and education grants, and $20 million for distress grants. "Such sums as may be necessary" are authorized to be appropriated for grants to centers in their second through eighth years of Federal assistance.

The Mental Health Systems Act authorizes a new three-year $105 million program for mental health services for populations now unserved, including the elderly, minorities, and children. Appropriations authorized for services to the elderly and other priority populations are $30 million for FY 1982, $35 million for FY 1983, and $40 million for FY 1984, with the provision that at least 40 percent of each year's appropriation must go for grants for services to elderly mentally ill individuals.

Major Beneficiaries

The priority population is any group within a mental health service area which is unserved or underserved under a local health systems plan or state health plan. The primary purpose of these grants is to help a community which recognizes certain needs but which it is unable to provide services for the entire population. In the past, there has been very little money spent on meeting mental health needs. There is every indication that with the new administration this will also be the case, and some believe that there will be even less funds available.

Program Vulnerability

Most new program authorizations in the law are not effective until Fiscal Year 1982. There is a good deal of concern as to whether the present administration will come up with the money to fund the new programs developed by the Act. However, the Community Mental Health Centers Program (CMHC) is well established and is not likely to be eliminated, although the potential threat of cuts could seriously cripple this program which is currently underfunded to meet its needs. The Mental Health Systems Act is a grant-in-aid program which had identified priority populations for assistance.

NAME OF PROGRAM

Section 8: Housing Assistance Payments Program

Description:

Aids lower-income families in obtaining decent housing in private accommodations and promoting economically mixed housing through existing, newly constructed, moderately and substantially rehabilitated housing by providing annual contributions which make up the difference between the established maximum rent and the assisted families required contribution (not less than 15% and not more than 25% of adjusted family income).

Current Appropriations: Total for Assisted Housing is $30.877 billion. Section 8 appropriations are in unit reservations: for 1981 FY, 214,550 (1980 FY - 169,165).

Major Beneficiaries: Very low-income families (whose income does not exceed 50% of median SMSA income); lower-income families (whose income does not exceed 80% of median SMSA income); Within HUD-defined income limits, a single person who is handicapped, elderly or disabled also qualify.

Program Vulnerability:

Section 8 program may be re-tooled using housing vouchers. It is unclear what this entails, but it seems likely that whether Section 8 goes or remains, some sort of housing assistance program will be in place.

Some administrative changes are rumored:

1) change basis of tenant payments from 25% of adjusted income to 30%.
2) lower eligibility from 80% of median SMSA income to 65% (lower-income families)

Moderate Rehabilitation and Existing Section 8 seems to have substantial support.

New construction Section 8 and Substantial Rehabilitation Section 8 seem to be in much more serious truble.

Seems to follow basic trend of cutting costs by targeting aid to the "really needy!" Close attention, however, will have to be paid to the 1982 FY budget.

Potential Allies:

- United Neighborhood Houses
- Pratt Center
- Urban Homesteaders Assistance Board (UHAB)
  (and other housing groups particularly concerned with low-income people
- City of New York: HPA, HRA.
- Realtor groups (as of now, have not been particularly interested; if program is in serious jeopardy, that situation could change. Worth pursuing: coalition of housing groups with private realtors could be very effective.

NAME OF PROGRAM

Section 312 Rehabilitation Loans
Legislative Derivation: Housing Act of 1964, as amended, Section 312, Housing and Community Act of 1974.

Section 312 provides low-interest, long-term rehabilitation loans.

Current Appropriations: 1981 FY Budget has been passed. Appropriation level is $134 million.
NYC (1980): $5million (approx.) For buildings of 1 to 4 units, range is $4 million to $5.2 million and appropriation is given directly to the City. For Multi-families, appropriation is on regional basis: 1980 FY: $2 million.

Major Beneficiaries: Owners or tenants of property, in neighborhood development, urban renewal and code enforcement areas. However, in certified areas, loans may be made only to an owner-occupier of residential properties.

Program Vulnerability: Signals from Washington are very mixed in regard to Section 312. If the past is to be any guide, the program will be in a great deal of trouble. Even during the Carter Administration, 312 fell in and out of favor. Many communities have had trouble spending their 312 allocations. A few years ago, New York City had to give back some unspent 312 money. In addition, Reagan philosophy seems to be contrary to concept of subsidized, direct loans.

Potential Allies:

- Since 312 is the only source of subsidized rehabilitation loans, all groups involved in housing rehabilitation (i.e. - Urban Homesteading Assistance Board, Allociation of Neighborhood Houses) will be particularly interested in saving 312. Private realtors, however, will probably not be involved allies.

- City of New York: HPD

Name of Program: FOLLOW THROUGH (Follow Through, Economic Opportunity Act of 1964, as amended by the Economic Opportunity Act of 1978, Public Law 95-568) Up for re-authorization this year

Objective: to sustain and augment in the primary grades the gains that children from low-income families make in Headstart and other quality pre-school programs. Follow Through provides special programs of instruction, as well as health, nutrition and other related services which will aid in the continued development of children in their full potential. Active participation of parents is stressed.

Current Appropriations:

National

	1980 Approp.	House Joint Resolution 644 1981 Approp.
	$44.2 million	$44.2 million

New York City $1.276 million for 1980-81 school year

Major Beneficiaries:

Nationally - approximately 69,000 for 1980 and 1981
New York City - approximately 3000 youngsters in NYC public schools

Program Vulnerability:

This program is up for re-authorization this year, and is very vulnerable. The Senate Appropriations bill for this year called for elimination of Follow Through appropriations. The 1980 Supplemental Appropriations-Recissions Act, Public Law 96-304, cut the Follow Through program by $14.7 million.

Potential Allies:

Head Start advocacy groups
NYC Board of Ed - Washington office
Maybe parent groups

APPENDIX C: Programs Less Likely to be Cut Now

- Maternal and Child Health and Nutrition (WIC and Title V - Social Security Act)
- Head Start
- Programs for Older Americans (Social Service and Nutrition)
- Social Services - Title XX
- Adoption Assistance and Child Welfare
- Education (Title I and IV/ESEA, P.L. 94-142, Bilingual Ed.; Vocational Ed.)
- Community Development Block Grant
- All - 202 Housing
- National Consumer Co-op Bank
- Urban Mass Transportation Aid
- Energy Assistance
- Income Security (OASDI, SSI, AFDC)
- Medicare and Medicaid

Name of Program:

WIC PROGRAM - (The Special Supplemental Food Program for Women, Infants Children - originally Section 17 of the Child Nutrition Act of 1966. Reauthorized through 1984 in Section 3 of the Child Nutrition Amendments of 1978.)

Current Appropriations:

$900,000,000 was appropriated for FY 1981, the ceiling authorized by the Child Nutrition Amendments of 1978. New York State receives about $54.5 million. A state plan for spending these funds and operating the program must be approved by the Secretary of the Department of Agriculture. WIC was included in the Child Nutrition Bill of 1980 which died in the House-Senate Conference Committee. Instead, a provision in the reconciliation bill extended WIC and certain other child food programs through 1984. The "cap" on WIC appropriations for FY 1982 was eliminated.

Major Beneficiaries:

Currently the program provides food supplements to about 2.2 million persons, including low-income pregnant and lactating women who are at nutritional risk and children up to 5 years of age. Other beneficiaries of the program's funds include the farmers who produce the foods obtained by the WIC consumers, wholesalers, retail food markets who distribute and sell the foods, persons who staff the WIC centers (physicians, nutritionists, nurses, dieticians and other project staff), and federal, state, and local WIC administrative personnel.

Program Vulnerability:

This is a formula grant-in-aid program with the monies going directly to the state and administered according to a state plan. The 1981 funds were appropriated and are not part of a continuing resolution. They are not likely to be cut. In order to keep control over expenditures, a halt to expansion of participation in the WIC program

has already been called for by the Food and Nutrition Service. However, even for 1982, expectations are that the program will not be reduced much if at all. The WIC program is generally regarded as cost-effective and early Reagan health advisers have looked upon this program favorably.

Potential Organization Allies:

The Children's Foundation
New York State Food Law Project/CALS
Citizens Committee for Children
Food Research and Action Center

Name of Program:

MCH - (Maternal and Child Health and Crippled Children's Services Programs, Title V of the Social Security Act.)

Current Appropriations:

$357,400,000 was authorized for FY 1981 under a continuing resolution until June 5, 1981. New York State receives about $21 million and New York City about $12 million.

Major Beneficiaries:

About 6 million low-income women and children are currently served, including 560,000 children served by the Crippled Children's Program. In New York City 68,000 children and youth and 41,000 women are being served by these programs (no figures are available for the Crippled Children's Program).

In addition to the consumers of services, other beneficiaries include the providers who receive the grants(In New York City, eight Children and Youth Projects-all but one are hospitals and of those one is a public and six are voluntary hospitals; nine Maternity, Infant Care (MIC) Family Planning Projects -- each center is affiliated with one or more hospitals where patients go for special tests,care and for delivery; physicians, nurses. nurse midwives, dentists, social workers, nutritionists, laboratory workers, suppliers of goods and services; federal, state and local administrative staff, and the commercial establishments in the areas where the projects are located. All derive income directly or indirectly from Title V programs.

Program Vulnerability:

This is a formula grant-in-aid program with the money going directly to the state. It is doubtful that any action will be taken to cut back funds in the Title V before June 5, 1981 when the continuing resolution expires. New York State expects no increase in the funds it receives under the present funding formula until 1986. Any legislative change being made in the formula which would be more favorable to New York is unlikely. This type of program is less

vulnerable to budget cuts than other programs because the money goes to the state to be administered rather than directly to a service program, which is consistent with the Reagan administration's position favoring more state and less federal control.

Potential Organization Allies:

American Public Health Association and New York City Chapter (PHANYC)
Children's Defense Fund
Planned Parenthood
Citizens Committee for Children
New York State Nurses Association
National Abortion Rights Action League
The Children's Foundation
State Communities Aid Association

Name of Program: HEAD START (Head Start - Economic Opportunity and Community Partnership Act of 1974, Public Law 93-644, Parts A-C USC 2921 as amended).

Objective: To provide comprehensive health, educational, nutritional, social and other services primarily to pre-school economically disadvantaged children and their families and involve parents in activities with their children so that their children will attain overall social competence.

Current Appropriations:

National

1980 approp.	1981 approp.
$735 million	$820 million

New York City - $26.6 million received this program year from Federal govt. Agency has to generate $6 million of in-kind contributions to add to this, so a $32.6 million program for NYC Program fiscal year runs from 2/1/81 to 1/31/82.

Major Beneficiaries:

Nationally - 390,000
New York City - 8,743 youngsters

Program Vulnerability:

Authorization is up 9/30/81 but not considered in jeopardy. Funding has been increasing over the years. Funding comes directly to the City of New York. The program is lodged at the Federal level in the Department of Health and Human Services.

Name of Program:

Older American Act of 1975, reauthorized in 1978. The Act was designed to make available comprehensive programs to the aged which include a full-range of health, education, and social services. Special consideration or priority was to be given to the elderly with the greatest economic and social need, and to insure that the planning and operation of such programs would include the aged, community-based organizations, State and local governments with appropriate assistance from the Federal government.

Current Appropriations

This program is operating under a Continuing Resolution. For Fiscal Year 1981, $960.9 million has been appropriated.

FISCAL YEAR 1981 APPROPRIATIONS

Social Services and Senior Citizen Centers	$257.0 million
Home Delivered Meals	$ 50.0 million
Congregate Meals	$295.0 million
Employment Services	$277.1 million
Grants & Demonstration Projects	$ 6.0 million
Other	-

New York State receives approximately 10 percent of national appropriations of this program. New York City's share is approximately 45 percent of the State's total. Listed below is New York's share for three titles of the program for which information was availabe.

NEW YORK STATE

Social Services & Senior Citizen Centers	$ 9,300,217
Congregate Meals	$11,610,919
Home Delivered Meals	$ 3,350,815

Major Beneficiaries

Traditionally, s u p p o r t programs for the aged are aimed at reaching low-income elderly in their communities. They have the potential of reaching those aged who are in most need of service. Social service provision is the backbone of the Older Americans Act. Any cuts in funding of these programs will seriously impede progress in meeting the needs of the elderly population most in need of advocacy and services.

Program Vulnerability

This program appears to be safe for fiscal year 1981. Advocates have voiced some concern for FY 1982 as this program will be up for reauthorization. The concern is not great however. The aging network represents a powerful lobby and the prevailing sentiment in the field is that the new Administration will take this into account in preparing its budget. The congregate and home delivered meals programs provided for as part of this program are very popular and the consensus is that they will continue at appropriation levels acceptable to the aging network. There is a real fear, however, that social services and senior citizen centers programs under the act will be cut. These programs were developed for the specific purpose of providing assistance to the elderly with the greatest economic and social needs. Advocates are not seriously considering any action until after the new Administration has presented its budget.

Name of Program: TITLE XX

(Grants to States for Services, Title XX of the Social Security Act, authorized in 1975)

Current Appropriations: $2.9 billion (Federal), $236.0 million (New York State), $142.4 million (New York City)--Continuing Budget Resolution

Major Beneficiaries: Low and lower middle income persons--6.5 million (Federal), 1.4 million (New York State), 860 thousand (New York City)

Program Vulnerability:

Title XX is vulnerable to reduction by virtue of its format. A block grant program with State allocations based on a simple population formula could be cut simply by appropriating less money. In fact, the Title XX appropriation has been an issue for annual debate. Further, the fact that each State has the option to provide a different set of services makes it difficult to argue that these services are all essential. It is unlikely that Title XX would be cut radically, but a 10 percent cut in FY 82 or a continuing appropriation of $2.9 billion would appear plausible, despite authorization (in P.L. 96-272) of $3.0 billion for FY 82 rising to $3.3 billion for FY 85 and thereafter.

Potential Organizational Allies

Child Welfare League of America
Children's Defense Fund
Day Care and Child Development Council of America
National Association of Social Workers
National Assembly of National Voluntary Health & Social Welfare Organizations
State Communities Aid Association

Name of Program:

Adoption Assistance and Child Welfare Act of 1980, Public Law 96-272, signed into law June 17, 1980. This legislation is designed to amend the two major Federal child welfare programs; Title IV-B Child Welfare Services Program and the AFDC-Foster Care Program, in order to redirect current Federal fiscal incentives away from out-of-home placement and towards alternatives to foster care placement. Services are designed to prevent placement through the provision of supportive services and to reunite children and families where possible; if this is not possible, to provide for permanence through adoption.

Current Appropriations

This program is operating on a Continuing Budget Resolution of $163.5 million until June 5, 1981. New York State's share of $163.5 for Fiscal Year 1981 would be $10,758,494. This level of funding is dependent upon New York State meeting the specified requirement mandated by this legislation. If New York State can not meet these requirements, which seems highly unlikely, then it would receive $9,249,253 of its share of $141,000,000 until it came into compliance with the law. This legislation also requests appropriation of $220 million of "advance funding" in Fiscal Year 1982 and $266 million in advance funding Fiscal Year 1983 and 1984 for the development of preventive and reunification services programs.

Major Beneficiaries

Nationwide, over 500,000 children are removed from their homes and placed into the foster care system, often inappropriately. In New York City the foster care system is involved in the care of approximately 26,000 children. There are an unknown number of children who are in risk-of-placement or in imminent danger of placement. In New York City, the Mayor's Task Force on Foster Care Services reported that "between 60 and 80 percent of the families of the children in foster care receive some kind of public assistance prior to placement. Fifty-five percent of foster care children were born out-of-wedlock and over 50 percent come from female-headed families receiving AFDC...The Carnegie Council estimates that a quarter to a third of all American children are born into families with financial strains so great that their children will suffer basic deprivation." If funds are not appropriated at the $163.5 level to meet the needs of these children and families, our foster care and child welfare system will continue to be a national disgrace plagued by child abuse and maltreatment and the lack of genuine supportive services to strengthen and maintain families.

Program Vulnerability

The Child Welfare League and the Children's Defense Fund have indicated that while funds have been appropriated at the $163.5 million level for Child Welfare

Services, Title IV-B, the new Administration could rescind or reduce funding authorization. If the reforms embodied in this program are realized, it will mean real savings to all levels of government in the long run. The new Administration is aware of this fact, but advocates intend to be ready for a fight if the Reagan Administration attempts to cut appropriation below the $163.5 million level, which is essential to reforming the child welfare system.

Name of Program: TITLE I (Elementary and Secondary Education Act of 1964, Title I, Public Law 89-10 as amended). All of Title I expires in 1983.

Objective: - to expand and improve educational programs to meet the needs of educationally disadvantaged children in low-income areas, whether enrolled in public or private elementary and secondary schools.

Provides grants through the states to local education agencies for these youngsters. The State requires that all Title I funds be spent on remedial programs in reading, writing, math and bilingual education, including supportive services for these programs.

Current Appropriations:

National

	1980 Approp.	House Joint Resolution 644 1981 Appropriations
Part A (Basic Grants)	$2,630 million	$2,822 million
*Concentration Grants	$100 million	$145 million

New York City $162,894,056 for 1980-81 (including concentration grants)

*Provides an extra Title I allocation to school districts with high concentrations of children from low-income families Authorized by the Carter administration & considered to be part of his overall "urban initiative". NYC gets about 10 percent of the national appropriation.

Major Beneficiaries:

Nationally - Approximately 6 million youngsters in 1980 & 1981
New York City - Approximately 250,000(rounded figure) - for 1979-80-only figure available

Program Vulnerability:

This program is advance funded.

The Concentration Grants Provision (authorized by Public Law 95-561) is likely to be abolished by the Republican administration, most likely by rescission. Although all of Title I is advance funded, technically it is always up for review, and can be cut mainly through rescissions. Right now there is no discussion about cuts in the main appropriations for Title I (Part). It should be pointed out that in the 1980 Supplemental Appropriations Rescissions Act (P.L. 96-304) $100 million was cut from Concentration grants (a 50 percent cut).

Potential Allies:

NYC Board of Ed. - lukewarm - maybe getting money elsewhere to make up for these cuts. Main concern is that Title I moneys may be lumped in with others for consolidation grants.

Name of Program: INNOVATIVE PROGRAMS (Improvement in Local Educational Practice, Elementary and Secondary Education Act, Title IV, Part C)

Objective: - To provide assistance to State educational agencies so that they, in turn, may provide assistance to local educational agencies to improve their educational practices.

Given in the form of formula grants to states. Primarily an innovative program and the State distributes money on a discretionary basis.

Current Appropriations:

	1980 Approp.	House-Joint Resolution 1981 Approp.
National	$146.4 million	$91.4 million
New York City	$2,799,685 for 1980-81 school year	

Major Beneficiaries:

Nationally - approx 8,400,000 youngsters
New York City - 19,000 youngsters in 1980-81

Program Vulnerability:

This program is advance funded. City receives its money on the basis of competitive grants. Since there was a $55 million cut between 1980 and 1981, its position seems shaky. However, NYC Board of Ed people have not singled this one out as of major concern.

Name of Program: HANDICAPPED (Part B, Education of the Handicapped Act, Title VI Part B, Public Law 91-230 as amended by P.L. 93-380 and P.L. 94-142 as amended by Part D, Section 1341 of the Education Amendments of 1978)

Objective: - To provide grants to States to assist them in providing a free appropriate public education to all handicapped children. Money is given in form of grants.

Current Appropriations:

National

1980 Approp.	House Joint Resolution 644 1981 Approp.
$874.5 million	$922

(this continues approp at the 12 percent level)

New York City $12,423,269 for 1980-81 school year

Major Beneficiaries:

Nationally - approx. 3.8 million youngsters
New York City - approx. 38,000 during 1980-81 school year

Program Vulnerability:

This program is advance funded.

It is up for reauthorization on 9/30/82, but it has a two-year eligibility provision which can extend it to 1984. However, rumors are strong that there will be amendments to the law which will remove the "related services" provision (many state administrators have been loudly complaining of run-away costs), and the requirement for each child to have an Individualized Education Plan (good in theory, but difficult to implement)

Potential Allies:

All special handicapped advocacy groups. e.g. Association for the Help of Retarded Children, United Cerebral Palsy.
Also Advocates for Children.
National advocacy groups for handicapped
Other groups concerned with civil and other rights

Name of Program: BILINGUAL EDUCATION (Bilingual Education Act, Title VII of the Elementary and Secondary Education Act of 1965 - Public Law 89-10, as amended by Public Law 95-561)

Objective: To develop and carry out elementary and secondary school programs, including activities at the pre-school level, to meet the educational needs of children of limited English proficiency and to demonstrate effective ways of providing such children instruction, designed to enable them, while using their native language, to achieve competence in English and to develop the human and material resources required for such programs.

Provides money to school districts in the form of formula and project grants - to develop and disseminate bilingual instructional materials, to provide teacher training for bilingual education, and to test the effectiveness of bilingual educational approaches.

Current Appropriations:

National

	1980 Approp.	House Joint Resolution 644 1981 Approp.
	$107 million	$113 million

New York City $18,382,120 for 1980-81 school year (of this $9,822,523 was for continuation programs; the remainder were for projects)

Major Beneficiaries:

Nationally - Approx 350,000 youngsters
New York City - 33,000 youngsters in 1980-81

Program Vulnerability:

This program is forward funded. Appropriations have increased over the years, and are expected to continue. Little risk of cuts here.

Name of Program: Vocational Education Act of 1963

(Enacted at PL 90-576 in 1963 and amended October 16, 1968. Extensive revisions and Title II added in amendments - PL 94-482 - of October 12, 1976)

Current Appropriations

Operating funds for FY1981 are being provided at the same level as FY 1980 under Continuing Budget Resolution HJ Resolution 644. The federal appropriation is $786.8 million of which New York City was allocated $9,271,886 for FY 1980-81.

Major Beneficiaries

The act provides that programs serve the economically and academically disadvantaged, the handicapped, the unemployed who require skills development or retraining, those with limited English, post-secondary vocational, technical and occupational students, youth aged 15-24, to prepare or retrain teachers to work in vocational education programs and to induce employers and labor organizations to participate in postsecondary education.

Program Vulnerability

The Vocational Education Act is up for reauthorization in September 1982. Although it is unlikely that major changes will be made prior to reauthorization, criticisms and proposals for change are already beginning to emerge and it is expected that the Department of Education will present a draft bill to Congress by March 1981 in hopes of early passage. This would allow time for revisions in guidelines and development of new regulations before the effective date. One proposal being forwarded is that programs under this Act be consolidated with programs under Title I of the Elementary and Secondary Education Act (ESEA) or other grant-in-aid programs. Such an approach would result in cuts in appropriations, presumably justified by reduced administrative costs, but the degree of cuts or the cost reductions have not been specified. Other discussions speculate that a major aspect of reauthorizing legislation will be that there be tighter linkages between VEA programs and programs operated under CETA, if CETA survives (It is up for reauthorization in September 1982 also.). With the failure of the recent youth initiatives and the constant criticisms of the inadequacy of VEA programs in serving urban and rural youth, it is likely that attention will be given to strenghtening these program areas.

With the incoming administration's primary focus being the passage of a federal budget for FY '81, it is unlikely that any major impacts would befall this program till late in the fiscal period. However, the 1981-82 school year could be affected, even if appropriations hold constant in the budget process, by a delay in approval of state plans.

NAME OF PROGRAM

Community Development Block Grants
Legislative Derivation: Title I, Housing and Community Development Act of 1974

Aid Form: Formula Grants
Authorization: Through 1983

Description:

Formula grants which consolidated seven former community development type categorical grants. Goal of program is to develop viable urban communities, including decent housing and expansion of economic opportunities, principally for persons of low and moderate income. Activities include: construction of certain public works, housing rehabilitation, code enforcement, supporting public services which compliment other activities.

Current Appropriations: 1981 FY Budget has been passed: $3.70 billion
NYC $270 million (1980)

Major Beneficiaries: Grants are supposed to be targeted to low and moderate income persons.

Program Vulnerability:

Budget for 81 FY is safe; may face some cuts, but was originally a Republican Program. Should be seen in a favorable light due to the fact that it seems to fit in with Republican thinking: an aid program with not many strings attached. A potential problem may arise due to the inability of many eligible areas to spend past appropriations in a timely fashion. Major funding problem is that the appropriations for the next three years do not even keep up with inflation.

Potential Allies:

- Task Force on City-owned Property
- Pratt Center
- Community Development T/F
- Other community groups dealing with housing rehabilitation and neighborhood economic development
- City of New York: HPD

NAME OF PROGRAM

Section 202: Housing for Elderly and Handicapped Legislative Derivation: Housing Act of 1959, as amended by Housing and Community Development Act of 1974.

Section 202 program provides direct loans to provide rental of co-operative housing and related facilities for the elderly and the handicapped.

Current Appropriations: 1981 FY budget has been passed. Section 202 program has a loan authority of $805 million.
NYC:

Major Beneficiaries: The elderly (62 years of age or older), physically handicapped or developmentally disabled. Private non-profit corporations and consumer cooperatives are eligible for loans.

Program Vulnerability:

Section 202 program seems to be moderately vulnerable. Concept of direct loans is not favored by new Republican Administration. The program is a priority of NYC officials, and Democrats seem to be prepared to support this program.

NAME OF PROGRAM:

National Consumer Co-op Bank
Legislative Derivation: National Consumer Co-op Bank Act of 1978
Authorization: through 1983.

Bank gives market-interest loans to establish and support development of consumer co-operatives. Bank also has Office of Self-Help which makes low-interest loans for low-income Co-Ops and technical assistance.

Current Appropriations: 1981 FY budget has been passed: $90 million for Co-op Bank; $26 million for Office of Self-Help Development. In its first six months of operation, the Bank has made 41 market-interest loans with an aggregate value of $15.2 million. Six loans have been made to Region Two (Middle Atlantic). Low/income Co-ops have received only 15 percent of total loan dollars, although this represented one-third of all loans.

Major Beneficiaries: Producer (up to 10% of funding) and consumer cooperatives already in existence, new cooperatives, those with no financial history and those which primarily serve low-income members.

Types of cooperatives: housing, food, consumer goods and producer cooperatives. Office of Self-Help Development and Technical Assistance is specifically geared to low-income cooperatives. Statuatory requirements for a "best effort" to low-income co-ops is 35 per-cent of total loan dollars.

Program Vulnerability:

While the program does seem to have some bi-partisan support, the Co-op Bank has only recently started operations and could be particularly vulnerable to budgetary restraints. Only saving grace may be that loans are repaid, with interest to the Treasury.

Potential Allies:

- Cooperative League of the U.S.A.
- Urban Homesteading Assistance Board
- Conference on Alternative State and Local Policies

NAME OF PROGRAM:

Urban Mass Transportation Aid (UMTA)
Legislative derivation: Urban Mass Transportation Act 1974 and Federal Public Transportation Act of 1978 .
Authorization ends September 30, 1981.

Aid is given in three categories:

a) rehabilitation and extension of existing transportation networks.
b) new construction and approximately 80 per-cent for new equipment.
c) operating subsidies which average 15-20 per-cent for all cities with populations over 50,000.

Aid form: Direct Grants; Formula Grants; Project Grants

Current Appropriations: UMTA Budget for 1981 FY has been passed. Level of funding is $4.615 billion. Last year, New York State received $236 million in operating assistance; of that amount, $208 million was for New York City, which represents the major portion of non-fare revenues for New York City Mass Transit System. Optional aid received is approximately $500 million.

Program Vulnerability:

Operating Expenses portion of UMTA funds seems to be rather vulnerable. Drew Lewis, Secretary Designate of Transportation - and the Transition Team on Transportation have both come out against Federal contributions for operating expenses on the local level. They both, however, also feel that it would not be possible to totally eliminate federal subsidies. This can have dire consequences for N.Y.C., although Mr. Lewis has stated that he is in favor of the revised formula for operating aid which would appropriate transit aid that is more commenserate with usage and therefore, more advantageous for N.Y.C. The bottem line for operating aid, therefore, might be a bigger share of a much smaller pie.

UMTA's Capital programs seems to be in less trouble, although it will be subject to the same budget cutting as all other domestic programs. The major cuts in the capital program will not have serious consequences for New York City. The major target seems to be entirely new fixed rail systems. There are few urban areas which have the population density to support the huge expenditures necessary for a fixed rail system. In addition, the experiences of BART (Bay Area Rapid Transit) and the new Washington D. C. subway has crystalized the realization that these new transit systems are mostly "expensive toys" that less expensive means are available.

Time Element: In the short run, the vulnerability seems to be an across-the-board two per-cent cut. It will be the 1982 FY budget that will have to be watched very closely. While impoundment is always a possiblity, it is regulatory change and the appropriation process that are the major administrative tools in decreasing funding.

Potential Allies:

- Permanent Committee of the MTA
- Sierra Club
- NYPIRG: New York Public Interest Research Group
- Committee to Save the Fare

Name of Program: ENERGY ASSISTANCE

(Low Income Energy Assistance Program, Title III /"Home Energy Assistance Act"/ of the Crude Oil Windfall Profit Tax Act of 1980/expires on 9/30/81)

Current Appropriations: $1.85 billion (Federal), $223 million (New York State), $88 million (New York City residents)--Continuing Budget Resolution

Major Beneficiaries: Low-income households--1.5 million (New York State), 900 thousand (New York City)

Program Vulnerability

Energy assistance in its current form is a highly vulnerable program in FY 82, although unlikely to be touched before then. Program elimination is possible, since new legislation would have to be passed to provide energy assistance in FY 82. It is more likely that a new program will be authorized, but with fewer Federal constraints and guidelines (and, possibly, tightened eligibility requirements). The most vulnerable group of beneficiaries is likely to be those with incomes which fall between 125 percent of the poverty line and the Bureau of Labor Statistics Lower Living Standard, which is the cut-off point for program eligibility this year. (At present, energy assistance is provided in block grants to States, according to an elaborately-devised formula, on the basis of an approved State plan which meets extensive Federal legislative and regulatory requirements.)

Potential Organizational Allies

National Consumer Law Center
Public Utility Law Project
National Association of Electric Companies
American Gas Association
Oil Jobber's Council

MOST PROBABLE OF POSSIBLE CUTS IN SOCIAL SECURITY PROGRAMS!

I. Name of Program

"Social Security" (Officially, Old Age Survivors and Disability Insurance Program)

Legislative derivation: Title II of the Social Security Act of 1935 and subsequent amendments, administered by Social Security Administration, Department of Health and Human Services.

Benefits: Cash payments to covered workers and their families in event of retirement, disability or death of breadwinner.

II. Current Appropriations: 1979 expenditures were running at over $104 billion.

Funds derived from the Social Security taxes paid into the OASI and DI Trust Funds. No need for annual appropriations as financing is governed by existing legislation. /There is, in any case, only a relatively small contribution from the General Revenues, which current legislation requires for certain categories of covered workers (armed forces, etc.) and beneficiaries (the over 72's blanketed in some years ago)/

III. Major Beneficiaries

23.524 million 65 years and over plus 11.75 million persons under 65 as of August 1980. No information about State beneficiaries, but for New York City there were in June 1979 1,191,302 or 16-17% of the population receiving Social Security benefits.

Potential Beneficiaries

Ninety percent of the working population.

Vulnerable Groups

Unless the President-elect retreats from his election promise, no effort will be made to change the entitlements of existing beneficiaries. Moreover, there is evidence that the new Administration adheres to the view that any adverse changes must occur after sufficient lead-time (e.g., 20 years) so that covered workers have time to adjust retirement plans accordingly.

These positions significantly influence what the new Administration can hope to accomplish in using the OASDI program as an instrument for achieving two of its goals--one ideological, the other practical and immediate, namely (a) reducing Federal expenditures by "cutting out waste and inefficiency" and, (b) coming to grips with the current and projected financial imbalance of the Social Security Funds. Faced with an anticipated gap between income and outgo, the new Administration is expected to attempt to cut benefits as speedily as political realities permit rather than to increase revenues (e.g., by raising taxes). The only exception is that it is expected there may be an effort to secure universal (rather than 90%) coverage, which would bring in additional revenues, equal to 0.38% of taxable payroll over the next 25 years, and an average of 0.43% over the 75 year period. However, the opposition to compulsory coverage from State, Local and Federal employees is likely to be intense.

There appears as yet to be little likelihood of proposals to tax all or some fraction of Social Security benefits, paying the yield of the tax directly into the trust funds. Actually, rather less than half the beneficiaries would be affected.

Hence, considerable pressure to cut future benefits may be expected.

Among the most probable seem to be:

a) A reduction of the cost-of-living adjustment from 100% of the actual increase of CPI to either 85% of the annual increase or by the lower of either the CPI increase or the increase in the index of average wages--or both.

Either change would adversely affect the entire body of actual and potential beneficiaries. Although it is agreed in some quarters that the present CPI exaggerates the extent of price rises as they affect the elderly, this view is disputed by other experts.

b) To change the benefit formula so that future benefits, which now once awarded, are adjusted to price changes, and also at time of award are adjusted to reflect improvements in the productivity of the country as reflected in increases in wages, in future they would no longer increase with productivity.

How one reacts to such a change (which implies constant, rather than rising replacement ratios of benefits to wages) depends on how liberal one feels the society should be to its retirees. It has been estimated that the changes might by 2030 save as much as 1.9% of payroll.

c) Gradually raise the age of retirement for receipt of unreduced benefits to 68 starting at the turn of the century. There appears to be considerable support for this proposal (including that of the Income Maintenance Committee) which, according to the estimates of the Federal Advisory Council, would save 1.94% of payroll by 2030.

Those who would be adversely affected include:

(1) Elderly persons not sufficiently disabled to quality for disability benefits, but sufficiently disabled to be unable to compete effectively for employment. To remedy this, a more liberal test of disability, for the elderly, has been proposed.

(2) Elderly persons who have no health problems, and want to work, but are unable to find jobs. For these, a special older workers unemployment benefit has been proposed.

(3) Younger workers, especially those in arduous jobs who now look forward to retirement at 65 at latest, and especially Blacks and other minorities who have a relatively short life expectancy.

d) The Director of O.M.B is rumored to be exploring the possibility of placing caps on certain types of benefits, and considering a recommendation for the cuts proposed by the former Administration, e.g., elimination of death benefits, limiting payments to surviving dependents to children age 16 rather than 18, elimination of the so-called educational benefit for young people 18-22 attending higher education, etc. These and other minor cuts were estimated by the Congressional Budget Office to save $3.2 billion a year by fiscal 1985.

As pointed out in testimony prepared by CSS in 1979, these cuts would fall with special harshness on poor and minority groups, and on children and youth.

e) It is not expected that there will be much support for two more drastic proposals, put forward by Rita Campbell (who is a possible new Commissioner of Social Security) and is apparently favored by the Association of Retired Persons and the National Retired Teachers Association. These would abolish the spouses benefit and survivors benefits.

IV. Timing of Action

Despite the reported desire of the new Administration to do as much as possible within the first three months, the fact that any changes in Social Security entitlements necessitate new legislation seems likely to slow down action. Furthermore, the existing system is supported by powerful and vigorous groups.

Thus, while proposals will probably be made at an early date they are unlikely to be put into effect for some time.

V. Probable Allies

AFL-CIO opposes all the proposed cuts and would be a strong ally. Black and minority organizations can be counted on to strongly oppose raising the retirement age. Wilbur Cohen's Save on Social Security organization and its affiliated New York State aid Senior Action Council are likely also to oppose all and every cut in benefits.

Little help can be expected from the AARP and the Retired Teachers Association with their large membership in view of their position in favor of turning Social Security into a much more limited pension system, with all the "social" features eliminated from "social insurance."

Name of Program: SSI

(Supplemental Security Income, Title XVI of the Social Security Act, authorized in 1974)

Current Appropriations: Open-ended. Estimated FY 80 Federal outlay: $5.8 billion (U.S.), $540 million (New York State), $335 million (New York City)--Continuing Budget Resolution

Major Beneficiaries: Low-income aged, blind and disabled persons--4.2 million (Federally funded and/or administered), 373 thousand (New York State)

Program Vulnerability

SSI is likely to be vulnerable to "minor" changes (such as tightening eligibility requirements and definitions), but individual entitlements are low and unlikely to be reduced further. (Most states, in fact, provide a state-funded supplement.)

Potential Organizational Allies

Institute on Law & Rights of Older Adults
Grey Panther Network
National Senior Citizens Law Center
American Association of Retired Persons
National Federation of the Blind
Council for Exceptional Children
State Communities Aid Association

Name of Program: AFDC

(Aid to Families with Dependent Children, Title IV of the Social Security Act, authorized in 1935)

Current Appropriations: Open-ended. Estimated Federal outlay: about $7 billion. Reimbursement: about $800 million to New York State, including $280 million to New York City--Continuing Budget Resolution.

Major Beneficiaries: Dependent children and their caretakers (who are primarily single parents)--10.7 million (Federal), 1.1 million (New York State), 760 thousand (New York City)

Program Vulnerability

AFDC is extremely vulnerable to "minor" short-term reductions (through administrative and regulatory changes) and major long-term overhaul (through legislation). Coverage and benefits vary widely by State, creating resentments focused on "high benefit states" and inequitable and/or "excessive" program costs. Many persons are convinced that the program's fraud, abuse and error rates are too high and its work requirements too low. It is an entitlement program whose beneficiaries are neither powerful nor organized and most of them do not vote. Legislation will probably be introduced fairly quickly to allow a few states to experiment with their own programs (i.e., block grant demonstration projects), the ultimate goal being to convert AFDC into a block grant program generally.

Potential Organizational Allies

Center on Social Welfare Policy & Law
Center for Community Change
National Urban League
Child Welfare League of America
Children's Defense Fund
American Public Welfare Association
National Urban Coalition
State Communities Aid Association

Name of Program:

MEDICARE PROGRAM - (Health Insurance for the Aged and Disabled - Title XVIII of the Social Security Act) Permanently authorized and permanently funded; funds are automatically appropriated to a health care trust fund.

Current Appropriations:

Estimated expenditures for FY 1981 are $38.5 billion, plus $12 million for Experiments and Demonstration Projects. (Part A: $26.3b; Part B: $12.2b) (Administrative costs $1.2b; Benefits $37.3b)

Major Beneficiaries:

About 28 million aged and disabled persons are covered by Medicare hospital insurance (Part A) and a similar number of persons have medicare supplementary Medicare insurance (Part B). In New York State about 2.2 million persons each are covered by Parts A and B.

Program Vulnerability:

Medicare is an entitlement program. There is considerable concern at all levels of government about the rapidly escalating, uncontrollable cost of health care, particularly open-ended entitlement programs over which government has virtually no control. Medicare and Medicaid, which comprise by far the largest federal expenditures on health care, are logical targets for cost reduction efforts.

It is highly unlikely that either of these programs will be abolished completely. Reagan during his campaign supported the continuation of Medicare and Medicaid. However, Reagan health advisors and conservative Republican Congressmen who will be in key positions in the 97th Congress are proposing a variety of measures to overhaul these programs to effect cost reduction. Such measures include reducing regulations to lower administrative cost and encourage competition; having patients assume more of the burden of payment through coinsurance and deductibles (increasing those which currently exist in the Medicare program and introducing them in the Medicaid program); allowing states to restrict services and the choice of providers; encouraging use of lower cost alternatives to institutionalization, such as

home health care; and use of health maintenance organizations rather than fee-for-service providers. More drastic suggestions have been to dismantle the programs in favor of block grants to states or changing to a voucher system in which beneficiaries could shop around for private health insurance. The more drastic overhauls are unlikely to take place in the 97th Congress. However, legislation is likely to be introduced early to implement various reforms in the program.

Potential Organizations Allies:

Gray Panthers
DC 37, American Federation of State, County and Municipal Employees
Local 1199, National Union of Hospital and Health Care Employees
Visiting Nurse Services
National Home Caring Council
Home Care Association of New York State
National League for Nursing
American Nurses Association and New York State Nurses Association
NASW and New York City Chapter
APHA and New York City Chapter (PHANYC)
Friends and Relatives of the Institutionalized Aged
Community Council of Greater New York
Welfare Rights Organizations
Greater New York Hospital Association
United Hospital Fund
American Medical Association
Doctors Council
State Communities Aid Association

Name of Program:

MEDICAID PROGRAM -- (Grants to States for Medical Assistance Programs, Title XIX of the Social Security Act)

Current Appropriations:

Estimated expenditures for FY 1981 are $27.6 billion (Administrative costs $1.4b; vendor payments $26.2b). This is a federal/state/local matching program (50:25:25 percent, respectively) in New York State. Total Medicaid expenditures for New York State and New York City were about $4.6 billion and $793 million, respectively; about $1.7 billion (including $146 million for NYC) of the expenditures were federal funds.

Major Beneficiaries:

Over 16.4 million persons are covered by Medicaid in all states, except Arizona, and in the District of Columbia, Puerto Rico, the Virgin Islands and Guam. About 1.9 million people in New York State and 1.2 million people in New York City are Medicaid eligible. In addition, all types of health facilities and their employees and professionals who provide Medicaid-reimbursed services, unions, suppliers of goods and services and the administrative staff at all levels benefit from this program.

Program Vulnerability:

(See discussion under Medicare.)

Potential Organization Allies:

(See list under Medicare.)